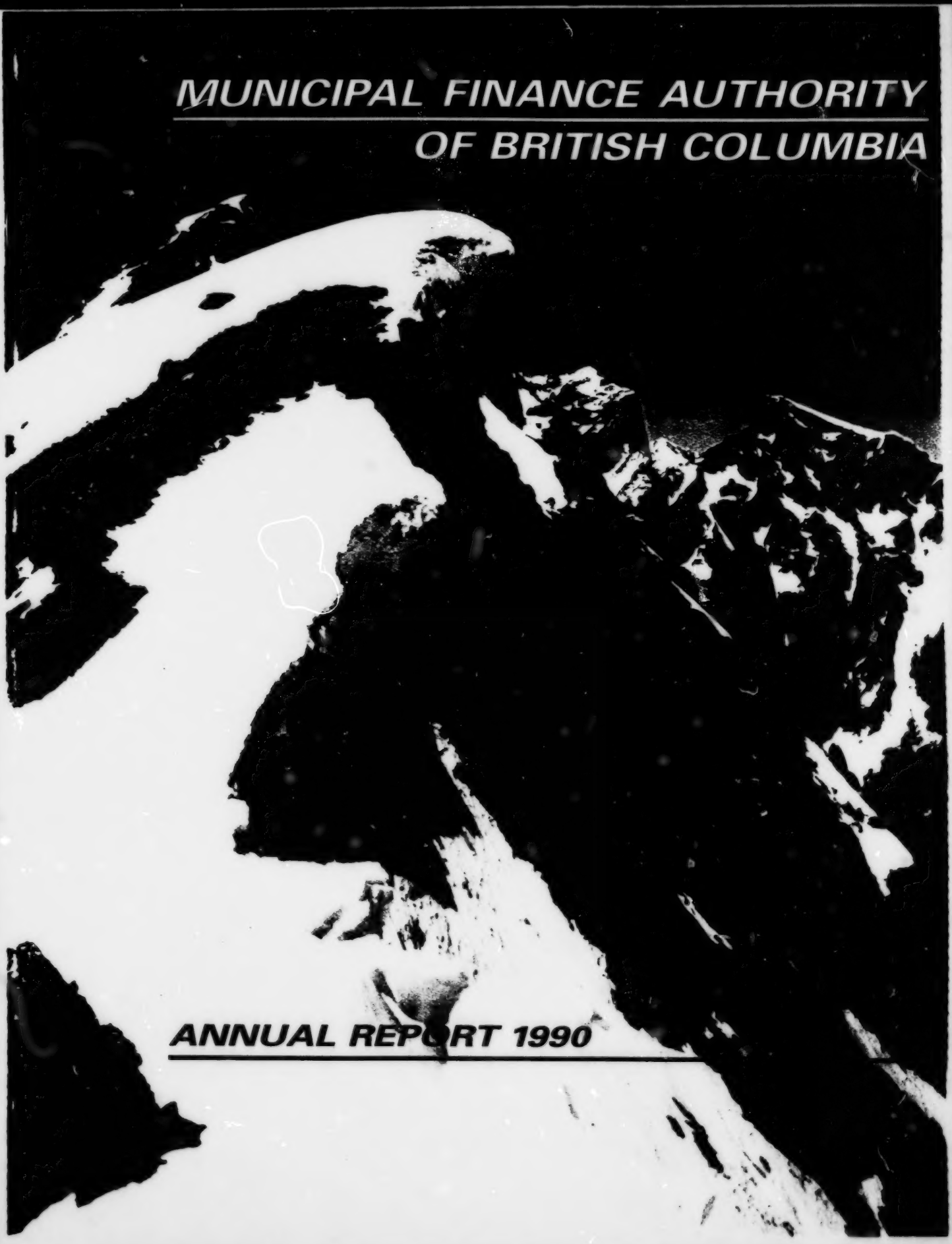
MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA



ANNUAL REPORT 1990

Municipal Finance Authority of British Columbia

200 INTERNATIONAL HOUSE, 880 DOUGLAS STREET, VICTORIA, B.C. V8W 2B7

91-03794/

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FRONT COVER
Hudson Bay Mountain *Courtesy Province of B.C.*

Pacific Rim National Park *Courtesy Province of B.C.*

Financial Highlights

THOUSANDS OF DOLLARS

	1990	1989
CAPITAL FINANCING		
AT DECEMBER 31:		
Total assets—combined funds	**1,474,391**	1,428,076
Loans to Regional Districts outstanding	**1,113,342**	1,119,256
Long-term debt outstanding	**1,229,249**	1,220,688
Sinking funds	**120,116**	103,710
Long-term debt, net	**1,109,133**	1,116,978
Debt Reserve Fund	**152,845**	143,787
Investments (including sinking funds)	**378,127**	313,303
IN THE YEARS ENDED DECEMBER 31:		
New loans to Regional Districts	**49,633**	56,564
Loan repayments from Regional Districts	**55,547**	52,187
New debt issued	**99,625**	56,500
Debt retired	**91,064**	37,079
Investments income	**37,982**	30,317
Interest paid	**137,041**	134,259
POOLED INVESTMENTS		
AT DECEMBER 31 (1989—DECEMBER 29):		
Money Market Fund—Net assets	**130,292**	93,970
Bond Fund—Net assets	**33,355**	22,347
INTERIM FINANCING		
AT DECEMBER 31:		
Loans to Regional Districts and Municipalities outstanding	**400**	N/A

Members and Officers 1990

MEMBER	REGIONAL DISTRICT
E. Larsen	*Alberni-Clayoquot*
G. E. McFee	*Bulkley-Nechako*
N. L. Sealey	*Capital*
H. F. Sturrock	*Capital*
D. Brecknock	*Cariboo*
B. Roe	*Central Coast*
G. F. Ferguson	*Central Fraser Valley*
G. B. Cady	*Central Kootenay*
S. J. Simpson	*Central Okanagan*
G. Abbott	*Columbia-Shuswap*
K. A. Hudson	*Comox-Strathcona*
M. Coleman	*Cowichan Valley*
B. Hartley	*Dewdney-Alouette*
H. Tapp	*East Kootenay*
D. Edwards	*Fort Nelson-Liard*
L. Forman	*Fraser-Cheam*
J. Backhouse	*Fraser-Fort George*
M. Baker	*Greater Vancouver*

MEMBER	REGIONAL DISTRICT
G. J. Blair	*Greater Vancouver*
D. T. Driscoll	*Greater Vancouver*
W. A. Fomich	*Greater Vancouver*
D. A. S. Lanskail	*Greater Vancouver*
L. Sekora	*Greater Vancouver*
A. Burton	*Kitimat-Stikine*
D. Swanson	*Kootenay Boundary*
G. Popovich	*Mount Waddington*
A. Kruyt	*Nanaimo*
E. Shipmaker	*North Okanagan*
G. Norton	*Okanagan-Similkameen*
C. Lasser	*Peace River*
D. Silvester	*Powell River*
P. J. Lester	*Skeena-Queen Charlotte*
R. D. Cumming	*Squamish-Lillooet*
P. Connor	*Sunshine Coast*
C. M. Marshall	*Thompson-Nicola*

BLAIR

FOMICH

LASSER

MC FEE

SEALEY

SIMPSON

BOARD OF TRUSTEES

R. D. Cumming, *Chairman*

W. A. Fomich
G. J. Blair
C. Lasser
G. E. McFee
N. L. Sealey
S. J. Simpson

OFFICERS

Chairman
R. D. Cumming

Acting Chairman
W. A. Fomich

Secretary-Treasurer
J. R. Craven

Deputy Secretary-Treasurer
W. C. Greer

AUDITORS

Peat Marwick Thorne
Victoria, B.C.

SOLICITORS: BOND COUNSEL

Farris, Vaughan, Wills & Murphy
Vancouver, B.C.

SOLICITORS: GENERAL COUNSEL

Cox, Taylor, Bryant
Victoria, B.C.

CUMMING

Chairman's Report 1990

To the members of the Municipal Finance Authority of British Columbia

It is my distinct pleasure to submit the twentieth annual report of the Municipal Finance Authority of British Columbia on behalf of your board of trustees.

In British Columbia, the year 1990 continued with the prosperity of the previous year although by year's end there were signs of slower activity. Canada's firm policy of fighting inflation continues but rates drift lower. Our interest rate spread off the United States continues to narrow with little or no impact on the value of the Canadian dollar. Signs of malaise in the real estate market throughout eastern Canada and the United States are beginning to appear in British Columbia. This will have its gradual effect on recent assessment values although the declines are far more spectacular in the east.

Extensive trade and investment from Japan, Hong Kong and Korea appears to be cushioning the impact of the recession in British Columbia. On the whole, this province continues to move in the direction of a more diversified economy to the benefit of all British Columbians. Despite this optimistic note, we remain vitally interested in GATT discussions, Mexican free trade proposals, and any additional factors which might impair our ability to trade freely and manufacture competitively.

Municipalities and regional districts in British Columbia continue conservative financial policies, anticipating that they will finance only 26% of their next five-year capital budget requirements. Revenues and surpluses continue to grow—signs of mature

and stable financial management are reflected throughout the province. Aggressive, competitive attitudes relating to investment and borrowing are also typical of local government. In response to this we created an investment pool in May 1989. The use of this pool has steadily grown. At present the money market fund use is 34% higher year over year, and the bond fund is 50% higher. The money market and bond funds provide safety, liquidity and flexibility in a pleasing combination to municipalities and regional districts in British Columbia.

Following the success of the investment pool, we have created an interim borrowing pool which, for the first time, will allow us to handle financing requests of municipalities and regional districts for periods under five years. Perhaps the largest use of this interim borrowing pool will be in the category of borrowing in anticipation of annual tax collections. Slightly less will be required for interim financing of the capital projects which the Municipal Finance Authority eventually handles through their longer term debt issues. An important but smaller use of this interim borrowing facility will be for loans at fixed rates for periods of one to four years for capital assets with a short lifetime.

A logical progression for 1991/1992 could be the creation of a leasing pool which would enable municipalities and regional districts in British Columbia to obtain their leasing funds for office equipment, automotive stock, heavy equipment and even sewer and water plants from the Municipal Finance Authority. We will be working on that idea this year aware that certain private-sector capital cost allowances might usefully be taken into account in order to get the best possible lease rates for local government.

Our policy in creating any financial products for our members depends on these criteria:

1. It must save money for local government;
2. It must make money for the MFA which is then shared by the members;
3. The cost of each product must be supported by its user fees.

Financial products of this nature lessen our dependence on yearly tax levies for operating costs. It was only seven years ago that taxes formed 82% of our operating revenues; in 1990 they formed only 26%; in 1991 they will form 13%.

Since introduction, our investment pool and interim borrowing pool have caused healthy competitive pressure on financial institutions servicing local government. This spells success as far as your board is concerned. Whether our customers grow or we cause the end cost to fall through another combination of factors, there is no question that the combined local government financial presence is worth something. It is our task at the Authority to translate this worth into greater savings for all local government in this province while at the same time restrain the size of our staff which has stayed at five for the last seven years. We continue to handle new services with no growth in staff by contracting the additional work out to the private sector and by greater automation of our information systems.

New borrowing requirements of the Authority were met in the spring and fall. In the spring we raised $77,925,000—11.625% debentures due May 15, 2000. In September we raised $21,700,000—11.20% debentures due October 24, 2000 (retractable at the holder's option to October 24, 1995). This last issue was extremely well received and completely placed in two hours. We sold the issue at a spread of 21 basis points over Canada's, a rate which was the best issuing spread by any Canadian municipality or provincial government from September 19 to year end. Although some of the credit must go to the innovative structure of the financing the spread also illustrates the excellence of our credit.

During the year of 1990, we reviewed our Euro-Canadian syndicate; updating ourselves on the various roles that each firm plays in Europe and evaluating what part they might play in future. We continue to keep a watching brief on this matter. If we decide that conditions are better in Europe than in Canada for the issuance of Canadian denominated debt, we can instantly form a Euro syndicate in the most effective way possible.

Members will be interested to know that by the end of 1990 the MFA debt comprised 82.03% in Canadian funds, 17.77% in U.S. funds and 0.16% in Swiss francs and 0.04% in Deutschemarks. At December 31, 1990, long-term debt outstanding of the Authority was $1.229 billion. During 1990, payments of principal and interest in excess of $207 million were received from our regional districts and municipalities. At December 31, 1990, investments managed totalled $378 million, broken down as follows:

Debt Reserve Fund	$59 million
Sinking and other Debt Servicing Funds	$319 million
Interest earnings in 1990 were	$38 million

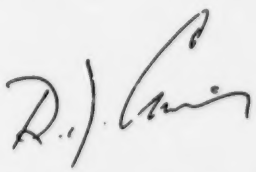
The types of investment securities which may be held by the Municipal Finance Authority are regulated by our Act. At December 31, 1990, the Authority's portfolio consisted of $79.5 million of securities of or guaranteed by the Government of Canada, $166.9 million of securities of or guaranteed by provincial governments, $53.2 million of securities of or guaranteed by Canadian chartered banks, $26.5 million of securities of municipal governments in Canada and $51.9 million of obligations of the Municipal Finance Authority.

It is noteworthy that a growing partnership continues to be developed between local government and this Authority. Heretofore we responded on a twice-yearly basis on the capital financing market. Since the opening of the investment pool and now the interim borrowing pool, our interaction is daily. Our policy of appearing at municipal officers' chapter meetings, and municipal association meetings will ensure that your feedback is available to us so we might serve you better. I am also aware that the help we get from the staff at the Ministry of Municipal Affairs, Recreation and Culture, and Finance and Corporate Relations is vital if we are to continue to serve you responsively.

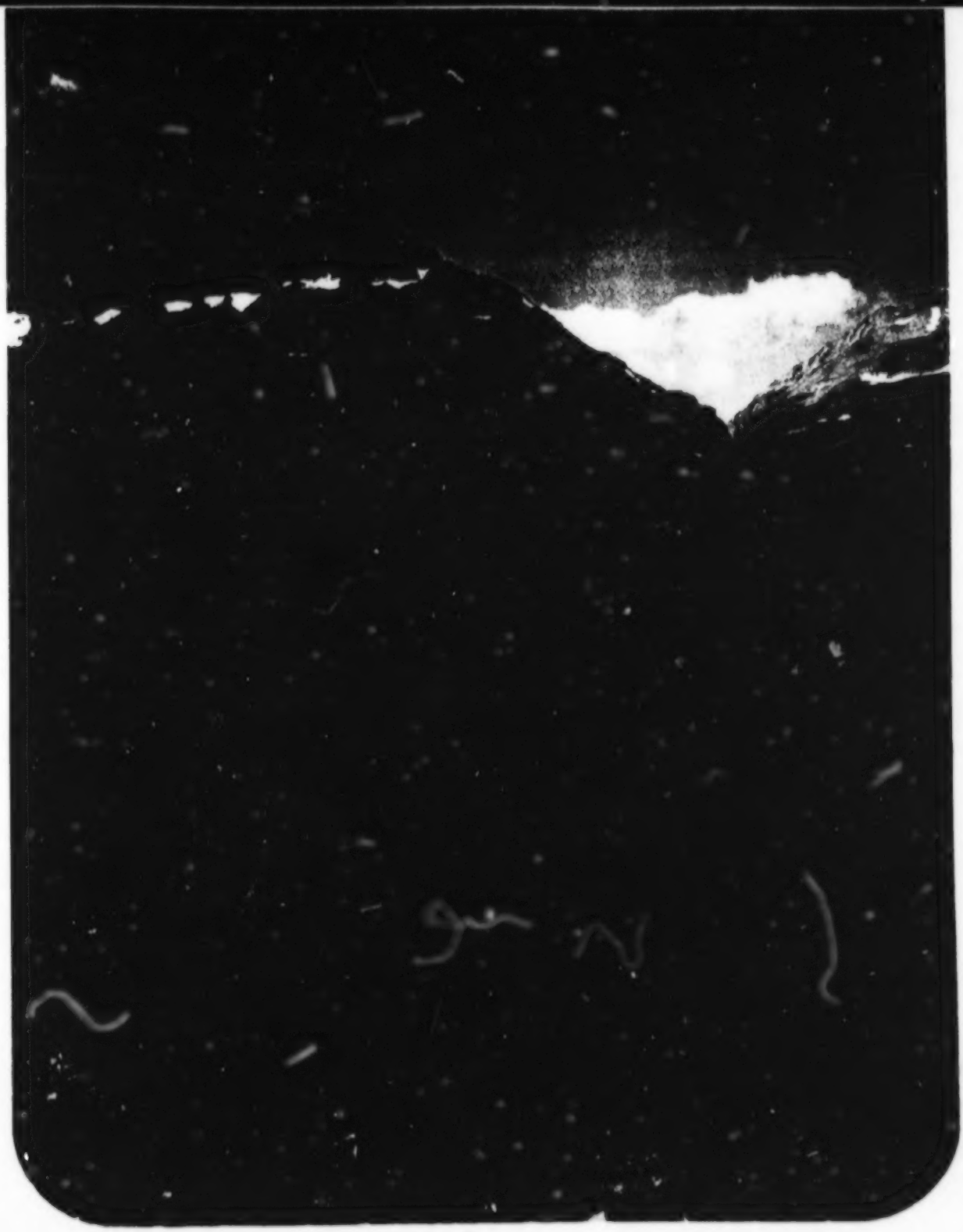
I would like to acknowledge that we are losing two very valuable members from our board of trustees this year. One is Gil Blair, former Mayor of Richmond, and the other, Norma Sealey, former Mayor of Sidney. Both these members attended board of trustees' meetings regularly, and actively contributed in the development of new services.

Their support in our ongoing business of long-term capital financing is also acknowledged. I would like to recognize them both and thank them for their contribution. I think it is also important to recognize the other members of the board of trustees. We have included their pictures in the Annual Report and so I will not introduce them, but I would like to thank them all, particularly your acting chairman, Bill Fomich. The board's support during my second term as your chairman has been very valuable. As usual, our staff has played a strong role in the development of innovative ideas as well as the competent administration of these new concepts. In addition to achieving some very solid advancements in our drive to serve you, our members, better, we have continued to more than adequately fulfil our primary role of borrowing money on your behalf at the best possible rate.

I believe I speak for all your trustees and staff when I say it has been a memorable and enjoyable year.



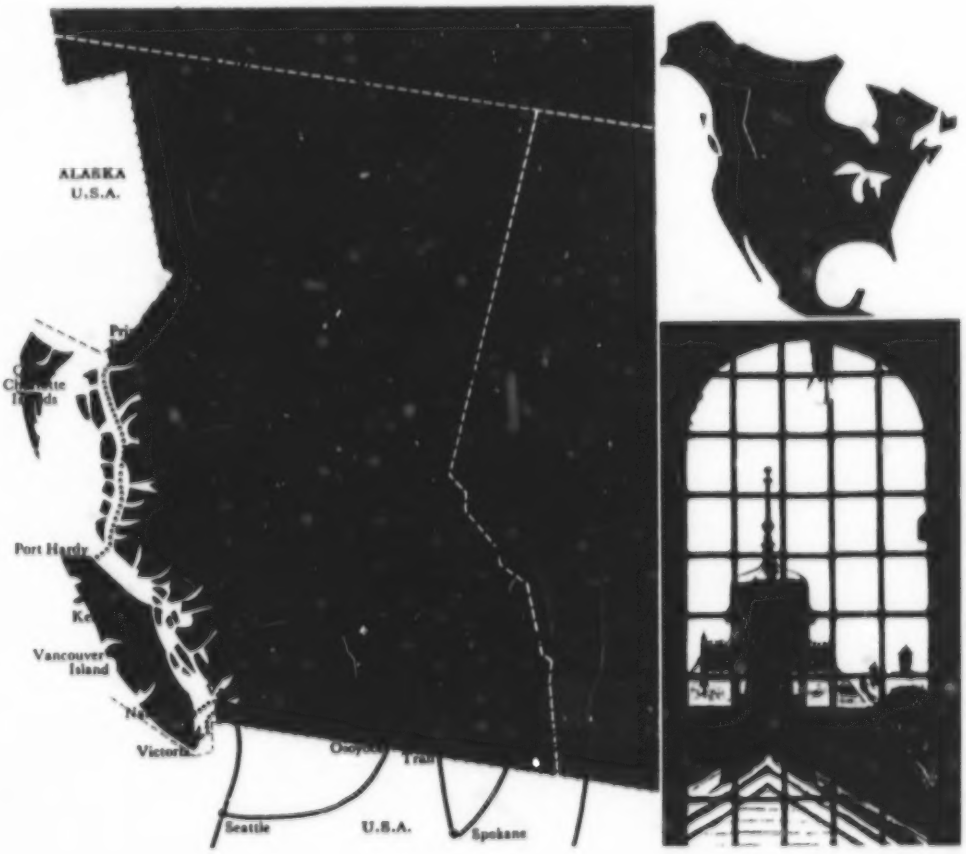
R. Dan Cumming, *Chairman*



O'Hara Lake and Mt. O'Daray *Courtesy Province of B.C.*

Municipal Finance Authority Act, Revised Statutes of British Columbia, 1979

"The objects of the authority are (a) to provide financing of capital requirements for regional districts and for their member municipalities by the issue of its securities and lending the proceeds from them to the regional district on whose request the financing is undertaken, (b) to provide short term investment opportunity for regional districts and municipalities by the establishment and operation of pooled investment funds, and (c) to provide interim financing for certain purposes for regional districts and municipalities."



How the Municipal Finance Authority Functions

CAPITAL FINANCING

RESPONSIBILITY

The Municipal Finance Authority of British Columbia was established in 1970 by the Municipal Finance Authority of British Columbia Act, Chapter 292, Revised Statutes of British Columbia, 1979.

Regional districts and municipalities in British Columbia finance through the Authority all long-term capital requirements except those met by senior levels of government.

The City of Vancouver is the only municipality in the Province which retains the right to issue its own securities to finance capital projects. Taxable land and improvements within the City of Vancouver are, nevertheless, subject to rates levied by the Municipal Finance Authority.

REPRESENTATION

The Province of British Columbia is divided into twenty-nine regional districts, each of which is governed by a Regional Board consisting of representatives of its member municipalities and unincorporated areas.

The members of the Municipal Finance Authority are appointed by the Regional Boards; the number of members to which a regional district is entitled is based upon its population.

The executive and administrative powers and duties of the Authority are exercised and performed by a Board of Trustees consisting of the Chairman of the Authority and six other members, elected annually. The Capital Regional District and the Greater Vancouver Regional District must be represented on the Board of Trustees.

FUNDING

When the municipalities, through the regional districts, and the regional districts on their own behalf, wish to finance their capital projects, they present their approved requests to the Municipal Finance Authority.

Taking into account market and economic conditions pertaining, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, not exceeding the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the board of trustees may determine. Under the Act, the Authority has power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority, including the redemption by call of securities issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund securities issue and moneys at the credit of a sinking fund which cannot be immediately applied toward paying the debt or discharging the obligation may be invested in:

(a) securities of the government of Canada or a province of Canada, or

(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

(c) securities of a municipality or regional district in British Columbia, or of a local, municipal or regional government in another province of Canada, maturing not later than the securities for which the sinking fund was created, or

(d) investments guaranteed by a Canadian chartered bank, or

(e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act, or

(f) securities of the Municipal Finance Authority of British Columbia maturing not later than the securities for which the sinking fund was created.

PROTECTION FOR INVESTORS

In British Columbia, the combined credit of all the regional districts and their member municipalities—which together have essentially all the taxable land and improvements in the Province—stands behind the Authority's obligations.

In addition, the Authority has established a debt reserve fund into which each regional district sharing in the proceeds of a securities issue having a term to maturity of over two years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of the issue; such amount is payable to the Authority at the time of issue either in full or in an amount equal to one percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the regional district issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the regional districts and must be refunded to them when the final instalments of their loans have been repaid. However, where a municipality has discharged its obligation to a regional district with respect to a securities issue, the Authority may, during the term of the issue, subject to approval by the Inspector of Municipalities, repay to the regional district for the credit of the municipality a portion of the money which is an obligation to the regional district and the money so paid shall be applied to reduce that obligation.

If, at any time, the Authority lacks sufficient funds to meet principal, interest or sinking fund payments due on its obligations, it must utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments are made from the debt reserve fund, the Authority will recover such payments from the regional districts involved in order to restore the debt reserve fund. If the Trustees are of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, they may levy upon all taxable land and improvements in the Province a tax sufficient to restore the fund to its required amount. It is mandatory for the Trustees to levy such a tax when the balance in the debt reserve fund is less than fifty percent of the required amount. The Trustees' power to impose taxes does not require the permission or approval of any other governmental authority. Pending the receipt of such taxes, the Authority may borrow an equivalent amount to meet its obligations.

The provincial government has undertaken to assure that the debt reserve fund will be maintained in accordance with the Municipal Finance Authority Act and the Inspector of Municipalities may inspect the fund from time to time and issue a certificate that it has been maintained at the proper level.

Moneys in the debt reserve fund may be invested in:

(a) securities of the government of Canada or a province of Canada, or

(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

(c) deposits in, or investments guaranteed by a Canadian chartered bank, or

(d) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act.

Such investments must mature or be callable within five years and at least twenty-five percent of the fund must be callable within ninety days.

ADDITIONAL PROTECTION FOR INVESTORS

Regional districts and their member municipalities financing through the Municipal Finance Authority must obtain the same provincial approvals as would be required if they were issuing their own securities. In this way, all the safeguards imposed by the Provincial Legislature on the incurring of indebtedness by regional and municipal governments are retained. Such safeguards include the requirement that the Inspector of Municipalities approve the debt and user charges, if any, and other taxes to service the debt. In addition, sewer and water projects require the issuance of a certificate of self-liquidation by the Inspector of Municipalities.

Limitations on the borrowing power of a regional district for each function may be specified in its letters patent. The total indebtedness which a municipality may contract is limited to a percentage of the assessed value for general municipal purposes of the taxable land and improvements within the municipality and the value of the utility systems and other municipal enterprises for which the municipality has a subsisting certificate of self-liquidation granted by the Inspector of Municipalities.

POOLED INVESTMENTS

ORGANIZATION

The Municipal Finance Authority Act was amended in 1988 to extend the objects of the Authority to provide short term investment opportunity for regional districts and municipalities in British Columbia by the establishment and operation of pooled investment funds.

Two funds have been established and operations commenced in May 1989.

PARTICIPATION

Participation in the funds by the regional districts and municipalities is voluntary.

INVESTMENT ACTIVITIES

The investment activities of the funds are governed by the Municipal Finance Authority Act and a charter of investment policies, objectives and guidelines.

INTERIM FINANCING

ORGANIZATION

In 1990, the Municipal Finance Authority Act was further amended to add interim financing for regional districts and municipalities to the objects of the Authority.

The Short Term Debt Fund was established and commenced operations on December 31, 1990.

PARTICIPATION

Participation in the interim financing program by the regional districts and municipalities is voluntary.

PURPOSES FOR WHICH INTERIM FINANCING MAY BE PROVIDED

The Authority may provide financing for one or more of the following purposes:

(a) temporary financing of capital projects under section 342 or 815 of the Municipal Act,

(b) financing of short term debts of a capital nature under section 344 or 813 of the Municipal Act, and

(c) borrowing in anticipation of tax revenues under section 346 or 812.1 of the Municipal Act.

Long Beach Sunset *Courtesy Province of B.C.*

Auditors' Report 1990

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheets of the Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of the Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1990, the statements of revenue, expenditure and surplus and changes in financial position of each of these funds and the combined statements of revenue, expenditure and surplus and changes in financial position of these funds for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1990, and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

CHARTERED ACCOUNTANTS

Victoria, British Columbia, Canada
February 1, 1991

CAPITAL FINANCING

Balance Sheets

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

	OPERATING FUND		DEBT FUND	
	1990	1989	1990	1989
ASSETS				
Cash	$ 303	266	141	166
Due from Operating Fund	—	—	—	—
Due from Capital Repayment Equalization Fund	—	—	53,610	43,759
Accrued interest and other	36	30	—	—
Investments (Note 3)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 4)	—	—	1,113,342	1,119,256
Deferred receivables from Regional Districts (Note 5)	—	—	262	963
Unamortized issue and refunding costs	—	—	3,555	3,675
Sinking fund assets in excess of related debt	—	—	3,018	2,445
	$ 339	296	1,173,928	1,170,264
LIABILITIES, RESERVES AND SURPLUS				
Liabilities:				
Accounts payable and unpresented matured debt	$ 63	54	141	166
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	16	42	—	—
Due to sinking and other funds (Note 6)	—	—	33	69
Due to Regional Districts (Note 7)	—	—	—	—
Long-term debt, net (Notes 8, 9 and 10) (Schedule)	—	—	1,109,133	1,116,978
Total liabilities	79	96	1,109,307	1,117,213
Reserves for information systems enhancement	152	152	—	—
Surplus, per accompanying statement (Note 11)	108	48	64,621	53,051
	$ 339	296	1,173,928	1,170,264

Commitments (Note 12)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1990	**1989**	**1990**	**1989**	**1990**	**1989**	**1990**	**1989**
1,599	983	**743**	280	**—**	—	**2,786**	1,695
—	—	**—**	—	**16**	42	**—**	—
—	—	**—**	—	**—**	—	**—**	—
1,727	1,294	**737**	722	**—**	—	**2,500**	2,046
197,557	155,162	**59,138**	53,374	**—**	—	**256,695**	208,536
—	—	**92,233**	89,460	**—**	—	**92,233**	89,460
—	—	**—**	—	**—**	—	**1,113,342**	1,119,256
—	—	**—**	—	**—**	—	**262**	963
—	—	**—**	—	**—**	—	**3,555**	3,675
—	—	**—**	—	**—**	—	**3,018**	2,445
200,883	157,439	**152,851**	143,836	**16**	42	**1,474,391**	1,428,076
—	—	**6**	49	**—**	—	**210**	269
53,610	43,759	**—**	—	**—**	—	**—**	—
—	—	**—**	—	**—**	—	**—**	—
—	—	**—**	—	**—**	—	**33**	69
—	—	**152,845**	143,787	**—**	—	**152,845**	143,787
—	—	**—**	—	**—**	—	**1,109,133**	1,116,978
53,610	43,759	**152,851**	143,836	**—**	—	**1,262,221**	1,261,103
—	—	**—**	—	**—**	—	**152**	152
147,273	113,680	**—**	—	**16**	42	**212,018**	166,821
200,883	157,439	**152,851**	143,836	**16**	42	**1,474,391**	1,428,076

SECRETARY-TREASURER

CAPITAL FINANCING

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

	OPERATING FUND		DEBT FUND	
	1990	1989	1990	1989
REVENUE				
Prior year's surplus appropriated	$ 48	68	—	—
Operating levy	193	242	—	—
Recoveries from new issues	109	105	—	—
Management fees	373	263	—	—
Investments income	34	25	12,872	11,105
Interest from loans to Regional Districts	—	—	2,035	2,723
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	134,472	131,551
Transfers from Debt Reserve Fund	—	—	121	30
Other	2	1	—	—
Total revenue	759	704	149,500	145,409
EXPENDITURE				
Legislative	68	59	—	—
Administrative	558	572	—	—
Transfers to Debt Fund—capital	—	—	—	—
Transfers to Debt Fund—revenue	—	—	—	—
Transfers to Market Development Fund	25	25	—	—
Interest	—	—	137,041	134,259
Amortization of issue and refunding costs	—	—	546	529
Management fees	—	—	109	93
Allocations to Regional Districts	—	—	—	—
Other	—	—	234	113
Total expenditure	651	656	137,930	134,994
Excess of revenue over expenditure for the year	108	48	11,570	10,415
Surplus, beginning of the year not appropriated to current revenue	—	—	53,051	42,636
Surplus, end of the year	$ 108	48	64,621	53,051

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1990	1989	1990	1989	1990	1989	1990	1989
113,680	87,919	—	—	42	48	113,770	88,035
—	—	—	—	—	—	193	242
—	—	—	—	—	—	109	105
—	—	—	—	—	—	50	1
18,775	13,708	6,301	5,479	—	—	37,982	30,317
148,731	144,760	—	—	—	—	150,766	147,483
54,564	50,605	—	—	—	—	—	—
—	—	145	241	—	—	145	241
—	—	—	—	25	25	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
757	—	—	—	—	—	759	1
336,507	296,992	6,446	5,720	67	73	303,774	266,425
—	—	—	—	—	—	68	59
—	—	—	—	—	—	558	572
54,564	50,605	114	114	—	—	—	—
134,472	131,551	121	30	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	137,041	134,259
—	—	—	—	—	—	546	529
159	120	55	49	—	—	—	—
39	49	6,120	5,508	—	—	6,273	5,671
—	987	36	19	51	31	321	1,150
189,234	183,312	6,446	5,720	51	31	144,807	142,240
147,273	113,680	—	—	16	42	158,967	124,185
—	—	—	—	—	—	53,051	42,636
147,273	113,680	—	—	16	42	212,018	166,821

CAPITAL FINANCING

Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

	OPERATING FUND		DEBT FUND	
	1990	1989	1990	1989
OPERATING ACTIVITIES				
Excess of revenue over expenditure for the year	$ 108	48	11,570	10,415
Non-cash items:				
Prior year's surplus appropriated	(48)	(68)	—	—
Gain on disposals of investments	—	—	—	(60)
Accretion of discounts on investments	—	—	(6,463)	(5,304)
Amortization of issue and refunding costs	—	—	546	529
Allocations to Regional Districts	—	—	—	—
Changes in interfund balances	(26)	(6)	(546)	(517)
Increase in accrued interest and other receivables	(6)	(16)	—	—
Increase (decrease) in accounts payable	9	2	(25)	(65)
Cash provided by (applied to) operating activities	37	(40)	5,082	4,998
FINANCING ACTIVITIES				
New debt issued	—	—	99,625	56,500
Loan repayments from Regional Districts	—	—	55,547	52,187
Decrease in deferred receivables from Regional Districts	—	—	701	642
New loans to Regional Districts	—	—	(49,633)	(56,564)
Debt retired	—	—	(91,064)	(37,079)
Increase in unamortized issue and refunding costs	—	—	(427)	(10)
Decrease in loans from sinking and other funds	—	—	(35)	(1,552)
Changes in interfund balances	—	—	(9,305)	(8,309)
Contributions from Regional Districts re new loans	—	—	—	—
Contributions and earnings thereon refunded to Regional Districts	—	—	—	—
Cash provided by financing activities	—	—	5,409	5,815
INVESTING ACTIVITIES				
Investments sold or matured	—	—	12,691	8,496
Investments purchased	—	—	(22,893)	(19,425)
Other	—	—	(314)	68
Cash applied to investing activities	—	—	(10,516)	(10,861)
Increase (decrease) in cash	37	(40)	(25)	(48)
Cash, beginning of the year	266	306	166	214
Cash, end of the year	$ 303	266	141	166

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

THOUSANDS OF DOLLARS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1990	1989	1990	1989	1990	1989	1990	1989
147,273	113,680	—	—	16	42	158,967	124,185
(113,680)	(87,919)	—	—	(42)	(48)	(113,770)	(88,035)
—	(35)	(152)	—	—	—	(152)	(95)
(9,274)	(7,108)	(1,997)	(1,977)	—	—	(17,734)	(14,389)
—	—	—	—	—	—	546	529
—	—	6,120	5,508	—	—	6,120	5,508
546	517	—	—	26	6	—	—
(433)	(218)	(15)	(67)	—	—	(454)	(301)
—	—	(43)	45	—	—	(59)	(18)
24,432	18,917	3,913	3,509	—	—	33,464	27,384
—	—	—	—	—	—	99,625	56,500
—	—	—	—	—	—	55,547	52,187
—	—	—	—	—	—	701	642
—	—	—	—	—	—	(49,633)	(56,564)
—	—	—	—	—	—	(91,064)	(37,079)
—	—	—	—	—	—	(427)	(10)
—	—	—	—	—	—	(35)	(1,552)
9,305	8,309	—	—	—	—	—	—
—	—	496	566	—	—	496	566
—	—	(331)	(128)	—	—	(331)	(128)
9,305	8,309	165	438	—	—	14,879	14,562
312,666	172,305	17,389	18,136	—	—	342,746	198,937
(345,787)	(199,323)	(21,004)	(22,016)	—	—	(389,684)	(240,764)
—	—	—	—	—	—	(314)	68
(33,121)	(27,018)	(3,615)	(3,880)	—	—	(47,252)	(41,759)
616	208	463	67	—	—	1,091	187
983	775	280	213	—	—	1,695	1,508
1,599	983	743	280	—	—	2,786	1,695

CAPITAL FINANCING

Notes to Financial Statements—All Funds

DECEMBER 31, 1990

1 Organization

The Municipal Finance Authority of British Columbia (the "Authority"), created in 1970 by the Municipal Finance Authority Act (the "Act"), is the central borrowing agency for financing of capital requirements (other than for schools and hospitals) for regional districts and their member municipalities in the Province of British Columbia (the "Province"). The Authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

In 1988, the Act was amended to provide short term investment opportunity for regional districts and municipalities by the establishment and operation of pooled investment funds. Such pooled investment funds commenced operations in May 1989 and are reported as a separate and distinct division of the Authority.

In 1990, the Act was further amended to provide interim financing for regional districts and municipalities. The Short Term Debt Fund was established and commenced operations on December 31, 1990 and is also reported as another division of the Authority.

The Authority follows the normal practice in local government accounting and maintains its accounts according to the principles of fund accounting, a technique by which its financial resources are segregated for specific activities or to attain certain objectives. Five funds are maintained. A brief description of each fund and its purpose is as follows:

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, rates not exceeding the prescribed rates on all taxable land and improvements in the Province.

The operating fund receives management fees from the pooled investment funds and the Short Term Debt Fund and pays the costs of their operation.

DEBT FUND

The Authority's financing activities on behalf of the regional districts in the Province are recorded in the Debt Fund.

CAPITAL REPAYMENT EQUALIZATION FUND

The Capital Repayment Equalization Fund is a repository for repayments from the regional districts under their loan agreements in advance of the Authority's requirements on its related indebtedness. Transfers, not exceeding the amount available in respect of each issue, are made to the Debt Fund to meet the Authority's obligations when due.

DEBT RESERVE FUND

Under the Act, the Authority is required to establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a securities issue is required to pay into the Debt Reserve Fund an amount equal to one-half the average annual instalment of principal and interest in respect of its own borrowing together with one-half the average annual instalment of principal and interest as set out in the agreements entered into with the regional district by member municipalities in respect of their borrowings; such amount is payable either in full or in an amount equal to 1% of the principal amount borrowed with the balance secured by a non-interest bearing demand note.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund.

MARKET DEVELOPMENT FUND

The development of markets for the Authority's securities issues is segregated in the Market Development Fund. It is funded by transfers from the Operating Fund.

2 Significant accounting policies

A summary of significant accounting policies is as follows:

PRIOR YEAR'S SURPLUS

The Authority appropriates the prior year's surpluses to current revenue except the Debt Fund surplus which relates to the sinking funds.

INCOME RECOGNITION

The annual operating levy is recognized as revenue in the Operating Fund when the rates have been set by the Authority in March of each year. It is collected on behalf of the Authority by the municipalities in the Province and the Provincial Surveyor of Taxes and is payable to the Authority on August 1 each year.

OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Office furniture, fixtures and equipment are written off in the year of acquisition.

INTEREST ACCRUALS

Interest is accrued only on investments. Accrued interest receivable from the regional districts under the loan agreements and accrued interest payable on the long-term debt are not recorded, except for unpaid matured interest coupons on coupon debentures which are recognized as accounts payable in the Debt Fund.

AMORTIZATION OF ISSUE AND REFUNDING COSTS

The issue and refunding costs are being amortized on a straight-line basis over the average lives of the securities issues to which they relate.

FOREIGN CURRENCY TRANSACTIONS

The long-term debt payable in foreign currencies is recorded in equivalent Canadian dollars at the exchange rates prevailing when the debt was incurred except the debt payable in U.S. dollars which is stated at the rate of U.S. $1 equals Canadian $1.

The Authority does not adjust its assets and liabilities denominated in foreign currencies to reflect the exchange rates at the balance sheet date since, in the opinion of the Authority, its foreign exchange exposure is fully hedged by virtue of its contractual arrangements with the regional districts on whose behalf the financing is undertaken and/or by the application of certain sections of the Act which, essentially, provide that all monetary risks, including foreign currency risks, are obligations of the regional districts.

INVESTMENTS

Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on a yield basis, including the investments in its own securities.

SINKING FUNDS

Under the Act, obligations of the Authority purchased for a sinking fund account together with interest, premium, or exchange derived from them shall be held to the credit of that sinking fund account but may be resold, subject to approval by the Inspector of Municipalities. However, securities purchased in anticipation of mandatory annual redemptions for sinking fund purposes are cancelled immediately in accordance with the terms of such issues.

3 Investments

	1990		1989
	Par value	Book value	Book value
			THOUSANDS OF DOLLARS
CAPITAL REPAYMENT EQUALIZATION FUND			
Securities of:			
Government of Canada, direct or guaranteed	$ 43,498	33,559	28,735
Provincial governments, direct or guaranteed	110,716	92,292	70,462
Chartered banks, direct or guaranteed	40,554	40,350	31,255
Credit Unions in the Province	—	—	2,875
Regional Districts and Municipalities in Canada	19,126	19,008	15,206
The Authority	12,671	12,348	6,629
	$ 226,565	197,557	155,162
DEBT RESERVE FUND			
Securities of:			
Government of Canada, direct or guaranteed	$ 14,140	12,844	13,925
Provincial governments, direct or guaranteed	40,617	37,477	32,653
Chartered banks, direct or guaranteed	8,855	8,817	6,796
	$ 63,612	59,138	53,374

4 Loans to regional districts

Loans to regional districts include $216,200,914 (1989—$234,282,219) denominated in U.S. dollars.

Under the Act, each regional district sharing in the proceeds of a securities issue must pay over to the Authority such sums as are required to discharge its obligations to the Authority in respect of such securities issue, but if the scheduled payments provided for under the loan agreement are not sufficient to meet the Authority's obligations in respect of that securities issue, the deficiency is a liability of the regional district to the Authority.

At the exchange rates prevailing at December 31, 1990, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 7).

When the Authority, under Section 12(1) of the Act and with the approval of the Inspector of Municipalities, has determined that the amount of the assets in the sinking fund and/or the Capital Repayment Equalization Fund together with the anticipated earnings for that fund is greater than the amount which will be required to repay the debt or discharge the obligation and has declared that there is an anticipated surplus in the fund of a specified amount, the scheduled future payments of both principal and interest from the regional districts under the related loan agreements are suspended.

The aggregate principal payments recoverable from the regional districts in each of the next five years (excluding principal payments suspended as outlined above) are as follows:

	1990	1989
		THOUSANDS OF DOLLARS
1990	$	55,796
1991	**58,690**	57,252
1992	**59,225**	57,787
1993	**60,447**	59,009
1994	**60,721**	59,283
1995	**62,820**	

5 Deferred receivables from regional districts

The deferred receivables from regional districts represent accumulated unrealized exchange losses which relate to the debt payable in Swiss francs. Amounts, in excess of the principal repayments per the loan agreements, recovered from the regional districts and applied to reduce the Swiss franc debt are credited to the deferred receivables from regional districts account. During 1990, $700,915 was credited to this account.

6 Due to sinking and other funds

The Authority may invest sinking fund and Capital Repayment Equalization Fund monies in its own securities maturing not later than the securities for which the sinking or Capital Repayment Equalization Fund account was created.

In addition to its own securities purchased under this provision, loans to the Debt Fund and the Short Term Debt Fund totalling $433,481 (1989—$68,218) together with accrued interest of $684 (1989—$1,118) were outstanding at December 31, 1990. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

7 Debt Reserve Fund

The amounts due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. However, where a municipality has discharged its obligation to a regional district with respect to a securities issue, the Authority may, subject to approval by the Inspector of Municipalities, repay to the regional district for the credit of the municipality a portion of the money which is an obligation to the regional district and the money so paid shall be applied to reduce that obligation.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. During 1990, a deficiency of $235,630 (1989—$144,745) in the amount of funds available to meet the principal and interest payments on the Deutschemark loan has been met by a transfer from the Debt Reserve Fund. Such deficiency is recovered in the following year from the participating regional districts under the terms of their loan agreements.

The Board of Trustees of the Authority may levy or impose upon substantially all taxable land and improvements in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

8 Long-term debt

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1990 and provision for early redemptions at the option of the bondholder):

	1990	1989
		THOUSANDS OF DOLLARS
1990	$	98,720
1991	**44,060**	43,990
1992	**74,738**	74,486
1993	**134,277**	134,277
1994	**65,589**	65,589
1995	**60,027**	

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1990, retired $6,584,000 (1989—$8,709,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

Since the maturities of certain of the Authority's securities issues and the related loans to the regional districts do not coincide, refunding of a portion of such securities issues will be required in future years.

9 Foreign currencies

The long-term debt payable includes the following amounts payable in foreign currencies:

		1990	1989
United States dollars	US$	**218,419,000**	232,792,000
Swiss francs	SFr	**2,072,500**	3,029,879
Deutschemarks	DM	**1,650,000**	2,475,000

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 2).

10 Sinking funds

The annual deposits to the sinking funds for securities issues payable in Canadian dollars are based on an interest rate of 5% per annum, capitalized yearly.

The assets and the surpluses of the sinking funds are as follows:

	1990		1989
	Par value	Book value	Book value
		THOUSANDS OF DOLLARS	
Securities of:			
Government of Canada, direct or guaranteed	$ **45,496**	**33,154**	30,191
Provincial governments, direct or guaranteed	**44,789**	**37,119**	28,578
Chartered banks, direct or guaranteed	**4,281**	**4,063**	4,311
Regional Districts and Municipalities in Canada	**7,691**	**7,523**	6,619
The Authority	**44,902**	**39,573**	35,068
	$ **147,159**	**121,432**	104,767
Cash		**677**	527
Accrued interest and other		**1,025**	861
Total assets		**123,134**	106,155
Less: Assets in excess of the related debt		**3,018**	2,445
		120,116	103,710
Accumulated actuarial requirements for retirement of the related debt		**78,509**	69,156
Excess of assets over accumulated actuarial requirements		$ **41,607**	34,554

11 Capital Repayment Equalization Fund—surplus

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken.

12 Commitments

The minimum future rental commitments for premises and equipment are as follows:

		Premises	Equipment	Total
1991	$	41,615	7,722	49,337
1992		46,371	7,722	54,093
1993		46,371	7,722	54,093
1994		46,371	7,722	54,093
1995-1996		77,285	5,370	82,655

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

ISSUE/ SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
PAYABLE IN CANADIAN DOLLARS:				
2	1971	December 1, 1991-1996	7.750	$ 1,259
3	1972	March 1, 1992	7.750	1,675
		March 1, 1997	7.750	2,575
6	1973	June 1, 1991-1993	8.125	8,727
7	1974	March 1, 1994	9.000	6,462
9	1974	April 16, 1994	9.000	6,800
11	1974	September 3, 1991-1994	10.750	5,000
16	1975	September 2, 1995	10.750	5,000
20	1977	June 1, 1991/1997	9.000	25,000
		June 1, 1997	9.875	20,000
21	1977	December 1, 1991-1992	9.250	961
		December 1, 1997	9.500	33,500
		December 1, 2002	9.500	7,000
23	1978	November 15, 1991-1993	9.625	890
		November 15, 1998	9.950	30,000
A23	1978	November 15, 1998	9.950	6,735
		November 15, 2003	10.000	3,265
25	1979	December 6, 1999	12.250	54,100
26	1979	December 6, 2004	12.250	11,133
33	1983	June 15, 1993	11.750	25,000
		June 15, 2003	12.375	63,300
34	1983	November 22, 1993	12.000	58,000
		November 22, 1993	12.125	21,000
35	1984	May 15, 1990	12.625	60,300
36	1984	December 5, 2004	13.000	30,500
CA	1985	June 12, 2005	12.000	21,800
CB	1985	December 12, 2005	11.000	15,500
A29	1986	April 29, 2001	14.000	91,362
EB	1986	June 2, 2001	9.375	65,500
40	1986	October 23, 1990	9.500	1,120
		October 23, 1991	9.500	1,120
CC	1986	October 23, 2006	10.125	26,000
A24	1987	May 15, 1990	8.250	1,800
		May 15, 1991	8.500	2,000
		May 15, 1992	8.500	2,200
		May 15, 1993	8.750	2,400
		May 15, 1994	8.750	2,600
42	1987	July 30, 1990	9.500	4,200
		July 30, 1991	9.500	4,500
		July 30, 1992	9.500	5,000
CD	1987	July 30, 1997	10.000	90,000

Carried forward

Schedule

THOUSANDS OF DOLLARS

DECEMBER 31, 1990			DECEMBER 31, 1989	
OUTSTANDING	SINKING FUNDS	LONG-TERM DEBT, NET	LONG-TERM DEBT, NET	REFERENCES
300	—	300	390	(1)
1,675	1,675	—	219	(1) (2)
2,575	1,672	903	1,270	(1) (2)
3,361	—	3,361	4,317	(1)
6,462	6,462	—	—	(1) (2)
6,800	6,800	—	—	(1) (2)
2,000	—	2,000	2,500	(1)
5,000	2,549	2,451	3,075	(1) (2)
3,265	—	3,265	3,265	(3)
20,000	19,463	537	3,278	(1) (2)
435	—	435	626	(1)
33,500	29,797	3,703	7,804	(1) (2)
7,000	4,314	2,686	3,280	(1) (2)
582	—	582	743	(1)
30,000	23,660	6,340	9,728	(1) (2)
6,735	5,312	1,423	2,184	(1) (2)
3,265	1,784	1,481	1,736	(1) (2)
37,000	—	37,000	39,300	(4)
11,133	5,016	6,117	6,854	(2) (5)
10,282	—	10,282	13,039	(6) (7)
63,300	—	63,300	63,300	(6)
58,000	—	58,000	58,000	(1)
21,000	—	21,000	21,000	(8)
—	—	—	60,298	
30,500	7,306	23,194	24,757	(2) (9)
21,800	4,306	17,494	18,550	(2) (10)
15,500	—	15,500	15,500	(11)
91,362	—	91,362	91,362	(1)
65,500	—	65,500	65,500	(7)
—	—	—	1,120	
1,120	—	1,120	1,120	(1)
26,000	—	26,000	26,000	(12)
—	—	—	1,800	
2,000	—	2,000	2,000	(1)
2,200	—	2,200	2,200	(1)
2,400	—	2,400	2,400	(1)
2,600	—	2,600	2,600	(1)
—	—	—	4,200	
4,500	—	4,500	4,500	(1)
5,000	—	5,000	5,000	(1)
90,000	—	90,000	90,000	(1)
694,152	120,116	574,036	664,815	

continued

CAPITAL FINANCING

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

ISSUE/ SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
			Brought forward	$
PAYABLE IN CANADIAN DOLLARS, CONTINUED:				
CE	1987	November 15, 1992	11.250	33,000
CF	1988	May 11, 1993/1998	9.500	17,500
CG	1988	October 27, 1998	10.875	88,000
45	1988	October 27, 1991-1994 October 27, 1995-1998	10.500 10.750	7,630 14,148
CH	1989	May 9, 1994/1999	10.900	27,100
CI	1989	November 9, 1999	10.250	29,400
CJ	1990	May 15, 2000	11.625	77,925
CK	1990	October 24, 1995/2000	11.200	21,700
PAYABLE IN UNITED STATES DOLLARS:				
1	1971	October 1, 1996	8.375	20,000
12	1975	January 15, 2000	9.750	34,500
17	1975	November 1, 2000	9.875	37,000
18	1976	May 1, 2001	8.875	52,500
19	1976	October 15, 2001	8.750	50,000
22	1978	June 1, 1998 June 1, 2003	9.250 9.375	29,363 4,737
28	1980	December 1, 2005	13.750	90,000
EA	1985	October 28, 2000/2005	11.250	50,000
PAYABLE IN SWISS FRANCS:				
A5	1987	November 16, 1991-1992	5.400	4,556
PAYABLE IN DEUTSCHEMARKS:				
4	1972	October 1, 1991-1992	6.750	4,618

Schedule

THOUSANDS OF DOLLARS

DECEMBER 31, 1990			DECEMBER 31, 1989		
OUTSTANDING	SINKING FUNDS	LONG-TERM DEBT, NET	LONG-TERM DEBT, NET	REFERENCES	
694,152	120,116	574,036	664,815		
33,000	—	33,000	33,000	(1)	
17,500	—	17,500	17,500	(1)	(13)
88,000	—	88,000	88,000	(1)	
5,430	—	5,430	6,585	(1)	
14,148	—	14,148	14,148	(1)	
27,100	—	27,100	27,100	(1)	(14)
29,400	—	29,400	29,400	(1)	
77,925	—	77,925	—	(1)	
21,700	—	21,700	—	(1)	(15)
1,008,355	120,116	888,239	880,548		
4,495	—	4,495	6,035	(6)	
11,485	—	11,485	13,478	(16)	
15,421	—	15,421	17,683	(17)	
20,219	—	20,219	21,231	(18)	
27,301	—	27,301	29,959	(19)	
18,660	—	18,660	19,982	(6)	
3,650	—	3,650	3,791	(6)	
69,188	—	69,188	72,633	(20)	
48,000	—	48,000	48,000	(7)	(21)
218,419	—	218,419	232,792		
1,967	—	1,967	2,876		
508	—	508	762	(22)	
$ 1,229,249	120,116	1,109,133	1,116,978		

CAPITAL FINANCING

Debt Fund—References to Schedule of Long-Term Debt

DECEMBER 31, 1990

1 Non-callable prior to maturity.

2 The sinking fund has been calculated to provide for retirement of the issue at maturity.

3 Redeemable at holder's option on June 1, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100% at maturity.

4 Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.

5 Callable on December 6, 1997 and thereafter at any time at 100%.

6 Non-callable except for sinking fund purposes.

7 Callable upon the imposition of withholding taxes at any time at 100%.

8 Non-callable prior to maturity unless lender so agrees.

9 Callable on December 5, 1999 and thereafter at any time at 100%.

10 Callable on June 12, 2000 and thereafter at any time at 100%.

11 Callable on December 12, 2000 and thereafter at any time at 100%.

12 Callable on October 23, 2003 and thereafter at any time at 100%.

13 Redeemable at holder's option on May 11, 1993.

14 Redeemable at holder's option on May 9, 1994.

15 Redeemable at holder's option on October 24, 1995.

16 Callable on January 15, 1991 and thereafter at any time at 103.50% reducing to 100% on or after January 16, 1999.

17 Callable on November 1, 1991 and thereafter at any time at 103.25% reducing to 100% on or after November 2, 1998.

18 Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.

19 Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% on or after October 16, 1999.

20 Non-callable prior to December 1, 1995 except for sinking fund purposes. Callable on December 1, 1995 and thereafter at any time at 105.02% reducing to 100% on or after December 1, 2004.

21 Redeemable at holder's option on October 28, 2000. Callable on October 28, 1993 and thereafter at 103% reducing to 100% from October 28, 1999 to October 28, 2000. The interest rate is effective until October 28, 2000; it will be reset by the Authority from October 29, 2000.

22 Callable on October 1, 1991 at 100.25%. Callable, also, upon the imposition of withholding taxes at 100%.

CAPITAL FINANCING

Schedule of Loans to Regional Districts 1990

THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

	PRINCIPAL OUTSTANDING DEC. 31, 1989	1990 NEW LOANS ISSUED	1990 PRINCIPAL REPAID	PRINCIPAL OUTSTANDING DEC. 31, 1990	PER CAPITA
REGIONAL DISTRICTS					
Alberni-Clayoquot	$ 6,856	—	477	**6,379**	210
Bulkley-Nechako	13,112	585	559	**13,138**	351
Capital	101,836	6,900	4,916	**103,820**	391
Cariboo	35,764	1,305	1,456	**35,613**	589
Central Coast	—	—	—	**—**	—
Central Fraser Valley	67,175	900	2,944	**65,131**	476
Central Kootenay	16,327	1,516	844	**16,999**	346
Central Okanagan	41,518	4,785	1,929	**44,374**	495
Columbia-Shuswap	19,145	—	965	**18,180**	453
Comox-Strathcona	47,478	3,088	2,092	**48,474**	681
Cowichan Valley	21,660	87	1,131	**20,616**	392
Dewdney-Alouette	46,141	3,033	1,658	**47,516**	684
East Kootenay	59,386	521	2,486	**57,421**	1,082
Fort Nelson-Liard	6,290	—	295	**5,995**	1,167
Fraser-Cheam	16,172	—	502	**15,670**	270
Fraser-Fort George	57,030	1,703	2,714	**56,019**	627
Greater Vancouver	209,820	5,694	12,590	**202,924**	160
Kitimat-Stikine	16,218	246	832	**15,632**	396
Kootenay Boundary	13,081	40	944	**12,177**	401
Mount Waddington	5,093	31	293	**4,831**	323
Nanaimo	56,569	4,747	2,728	**58,588**	713
North Okanagan	27,615	580	1,322	**26,873**	488
Okanagan-Similkameen	25,180	1,270	1,235	**25,215**	427
Peace River	70,469	2,623	4,005	**69,087**	1,329
Powell River	6,471	1,900	383	**7,988**	435
Skeena-Queen Charlotte	22,634	1,800	1,086	**23,348**	1,012
Squamish-Lillooet	17,686	—	615	**17,071**	865
Sunshine Coast	7,344	282	340	**7,286**	435
Thompson-Nicola	61,782	5,997	3,484	**64,295**	653
OTHER					
District of Campbell River	2,946	—	110	**2,836**	167
Greater Nanaimo Water District	20,458	—	612	**19,846**	274
	$ 1,119,256	49,633	55,547	**1,113,342**	386

CAPITAL FINANCING

Eight Year Review—Combined Funds

	1990	1989	1988
ASSETS			
Cash	$ 2,786	1,695	1,508
Accrued interest and other receivables	2,500	2,046	1,745
Investments	256,695	208,536	168,518
Demand notes receivable from Regional Districts	92,233	89,460	86,321
Loans to Regional Districts	1,113,342	1,119,256	1,114,879
Deferred receivables from Regional Districts	262	963	1,605
Unamortized issue and refunding costs	3,555	3,675	4,194
Sinking fund assets in excess of related debt	3,018	2,445	974
Total assets	$ 1,474,391	1,428,076	1,379,744
LIABILITIES, RESERVES AND SURPLUS			
Accounts payable and unpresented matured debt	$ 210	269	287
Due to banks	—	—	—
Due to sinking and other funds	33	69	1,621
Due to Regional Districts	152,845	143,787	134,702
Long-term debt, net	1,109,133	1,116,978	1,112,311
Total liabilities	1,262,221	1,261,103	1,248,921
Reserves for information systems enhancement	152	152	152
Surplus	212,018	166,821	130,671
Total liabilities, reserves and surplus	$ 1,474,391	1,428,076	1,379,744
REVENUE			
Prior year's surplus appropriated	$ 113,770	88,035	67,423
Operating levy	193	242	245
Recoveries from new issues	109	105	95
Investment income (including sinking funds)	37,982	30,317	24,487
Interest from loans to Regional Districts	150,766	147,483	147,359
Recovery of deficiencies from Regional Districts	145	241	4,279
Other	809	1	753
Total revenue	303,774	266,424	244,641
EXPENDITURE			
Legislative	68	59	45
Administrative	558	572	530
Interest	137,041	134,259	137,174
Amortization of issue and refunding costs	546	529	471
Allocations to Regional Districts	6,273	5,671	8,980
Other	321	1,149	216
Total expenditure	144,807	142,239	147,416
Excess of revenue over expenditure for the year	58,967	124,185	97,225
Surplus, beginning of the year not appropriated to current revenue	53,051	42,636	33,446
Surplus, end of the year	$ 212,018	166,821	130,671

THOUSANDS OF DOLLARS

1987	1986	1985	1984	1983
2,386	2,881	3,186	3,658	1,749
1,276	1,768	1,627	1,724	1,951
137,428	139,133	100,630	91,736	70,597
85,140	82,611	80,242	77,863	71,867
1,124,501	1,127,662	1,122,746	1,127,416	1,074,500
2,183	14,122	19,318	21,573	21,573
3,918	3,099	2,066	1,100	1,312
—	—	—	—	—
1,356,832	1,371,276	1,329,816	1,325,070	1,243,549
690	1,945	2,256	2,507	2,697
—	—	1,455	4,939	4,615
3,200	3,993	6,363	464	564
125,206	115,338	112,320	108,430	97,805
1,126,765	1,158,670	1,138,934	1,153,524	1,095,181
1,255,861	1,279,946	1,261,328	1,269,864	1,200,862
102	115	92	66	109
100,869	91,215	68,396	55,140	42,578
1,356,832	1,371,276	1,329,816	1,325,070	1,243,549
65,515	36,579	30,371	25,045	20,607
253	360	361	351	350
87	86	82	190	65
22,132	19,851	17,474	15,268	11,510
144,410	144,234	144,557	137,420	121,061
7,130	3,237	489	735	201
1,903	2,014	1,173	2,199	1,906
241,430	206,361	194,507	181,208	155,700
48	47	53	57	48
466	477	473	467	352
137,521	140,009	146,027	138,879	121,681
540	353	403	213	213
9,379	5,707	3,605	3,903	2,675
18,307	370	319	82	63
166,261	146,963	150,880	143,601	125,032
75,169	59,398	43,627	37,607	30,668
25,700	31,817	24,769	17,533	11,910
100,869	91,215	68,396	55,140	42,578

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1990 $(000)	INTEREST
2	7.75% Serial Debentures due December 1, 1972-1996	December 1, 1971	1,259	300	Semi-annual June 1 December 1
3	7.75% Sinking Fund Debentures due March 1, 1992	March 1, 1972	1,675	1,675	Semi-annual March 1 September 1
	7.75% Sinking Fund Debentures due March 1, 1997	"	2,575	2,575	"
6	8.125% Serial Debentures due June 1, 1984-1993	June 1, 1973	8,727	3,361	Semi-annual June 1 December 1
7	9% Sinking Fund Debentures due March 1, 1994	March 1, 1974	6,462	6,462	Semi-annual March 1 September 1
9	9% Sinking Fund Debenture due April 16, 1994	April 16, 1974	6,800	6,800	Semi-annual April 16 October 16
11	10.75% Instalment Debentures due September 3, 1985-1994	September 3, 1974	5,000	2,000	Semi-annual March 3 September 3
16	10.75% Sinking Fund Debentures due September 2, 1995	September 2, 1975	5,000	5,000	Semi-annual March 2 September 2
20	9.875% Sinking Fund Debentures due June 1, 1997	June 15, 1977	20,000	20,000	Semi-annual June 1 December 1
21	9.25% Serial Debentures due December 1, 1988-1992	December 1, 1977	961	435	Semi-annual June 1 December 1
	9.50% Sinking Fund Debentures due December 1, 1997	"	33,500	33,500	"
	9.50% Sinking Fund Debentures due December 1, 2002	"	7,000	7,000	"

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000	Non-callable	1991—97 1992—35 1993—38 1994—40 1995—44	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000	Non-callable	Annual deposits 1983-1992	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1983-1997	"	
Coupon—$1,000	Non-callable	1991—1,034 1992—1,119 1993—1,208	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	1991—500 1992—500 1993—500 1994—500	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1986-1995	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1978-1997	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1991—208 1992—227	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1978-1997	"	
"	"	Annual deposits 1978-2002	"	

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1990 $(000)	INTEREST
23	9.625% Serial Debentures due November 15, 1989-1993	November 15, 1978	890	582	Semi-annual May 15 November 15
	9.95% Sinking Fund Debentures due November 15, 1998	"	30,000	30,000	"
A23	9.95% Sinking Fund Debentures due November 15, 1998	November 15, 1978	6,735	6,735	Semi-annual May 15 November 15
	10% Sinking Fund Debentures due November 15, 2003	"	3,265	3,265	"
A24	7.75%-8.75% Serial Debentures due May 15, 1988-1994	May 15, 1987	14,000	9,200	Semi-annual May 15 November 15
25	12.25% Sinking Fund Debentures due December 6, 1999	December 6, 1979	54,100	37,000	Semi-annual June 6 December 6
26	12.25% Sinking Fund Debentures due December 6, 2004	December 6, 1979	11,133	11,133	Semi-annual June 6 December 6
A29	14% Bonds due April 29, 2001	April 29, 1986	91,362	91,362	Semi-annual April 29 October 29
33	12.375% Sinking Fund Debentures due June 15, 2003	June 15, 1983	63,300	63,300	Semi-annual June 15 December 15
34	12% Bonds due November 22, 1993	December 15, 1983	58,000	58,000	Semi-annual May 22 November 22

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1991—177 1992—193 1993—212	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1979-1998	"	
Fully registered $1,000 and multiples thereof	Non-callable	Annual deposits 1979-1998	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1979-2003	"	
Fully registered $1,000 and multiples thereof	Non-callable	1991—2,000 1992—2,200 1993—2,400 1994—2,600	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes	1991—2,500 1992—2,800 1993—3,200 1994—3,600 1995—3,900	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered $1,000 and multiples thereof	Callable at par on or after Dec. 6, 1997	Annual deposits 1980-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes	1994—3,830 1995—4,170	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1990 $(000)	INTEREST
36	13% Sinking Fund Debentures due December 5, 2004	December 5, 1984	30,500	30,500	Semi-annual June 5 December 5
CA	12% Sinking Fund Debentures due June 12, 2005	June 12, 1985	21,800	21,800	Semi-annual June 12 December 12
CB	11% Debentures due December 12, 2005	December 12, 1985	15,500	15,500	Semi-annual June 12 December 12
40	9%-9.50% Serial Debentures due October 23, 1987-1991	October 23, 1986	5,600	1,120	Semi-annual April 23 October 23
CC	10.125% Debentures due October 23, 2006	"	26,000	26,000	"
42	9%-9.50% Serial Debentures due July 30, 1988-1992	July 30, 1987	21,000	9,500	Semi-annual January 30 July 30
CD	10% Debentures due July 30, 1997	"	90,000	90,000	"
CE	11.25% Debentures due November 15, 1992	November 17, 1987	33,000	33,000	Semi-annual May 15 November 15
CF	9.50% Debentures due May 11, 1998	May 11, 1988	17,500	17,500	Semi-annual May 11 November 11

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 5, 1999	Annual deposits 1985-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after June 12, 2000	Annual deposits 1986-2005	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 12, 2000	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	1991—1,120	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	Callable at par on or after October 23, 2003	None		Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	1991—4,500 1992—5,000	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	None	"	Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered $1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on May 11, 1993. Right may be exercised on February 11, 1993 and thereafter to April 12, 1993	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6

continued

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1990 $(000)	INTEREST
45	10.50% Serial Debentures due October 27, 1989-1994	October 27, 1988	7,630	5,430	Semi-annual April 27 October 27
	10.75% Serial Debentures due October 27, 1995-1998	"	14,148	14,148	"
CG	10.875% Debentures due October 27, 1998	October 27, 1988	88,000	88,000	Semi-annual April 27 October 27
CH	10.90% Debentures due May 9, 1999	May 9, 1989	27,100	27,100	Semi-annual May 9 November 9
CI	10.25% Debentures due November 9, 1999	November 9, 1989	29,400	29,400	Semi-annual May 9 November 9
CJ	11.625% Debentures due May 15, 2000	May 1, 1990	77,925	77,925	Semi-annual May 15 November 15
CK	11.20% Debentures due October 24, 2000	October 24, 1990	21,700	21,700	Semi-annual April 24 October 24

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Fully registered $1,000 and multiples thereof	Non-callable	1991—1,275 1992—1,415 1993—1,570 1994—1,170	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
"	"	1995—1,280	"	
Fully registered $1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered $1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on May 9, 1994. Right may be exercised on February 9, 1994 and thereafter to April 11, 1994	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered $1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered $1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered $1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on October 24, 1995. Right may be exercised on July 24, 1995 and thereafter to September 22, 1995	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6

U.S. Dollar Bonds Issued in the United States of

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1990 U.S. $(000)	INTEREST
1	8.375% Sinking Fund Debentures due October 1, 1996	October 1, 1971	20,000	4,495	Semi-annual April 1 October 1
12	9.75% Sinking Fund Debentures due January 15, 2000	January 15, 1975	34,500	11,485	Semi-annual January 15 July 15
17	9.875% Sinking Fund Debentures due November 1, 2000	November 1, 1975	37,000	15,421	Semi-annual May 1 November 1
18	8.875% Sinking Fund Debentures due May 1, 2001	May 1, 1976	52,500	20,219	Semi-annual May 1 November 1
19	8.75% Sinking Fund Debentures due October 15, 2001	October 15, 1976	50,000	27,301	Semi-annual April 15 October 15
22	9.25% Sinking Fund Debentures due June 1, 1998	June 1, 1978	29,363	18,660	Semi-annual June 1 December 1
	9.375% Sinking Fund Debentures due June 1, 2003	"	4,737	3,650	"
28	13.75% Sinking Fund Debentures due December 1, 2005	December 1, 1980	90,000	69,188	Semi-annual June 1 December 1

America

DENOMINATIONS	CALL	SINKING FUND NEXT FIVE YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes	1991—1,585 1992— 567 1993— 615 1994— 666 1995— 722	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Jan. 15, 1990. To Jan. 15, 1993—103.50% To Jan. 15, 1996—102.25% To Jan. 15, 1999—101%	1991—1,725 1992—1,893 1993—2,077 1994—2,280 1995—2,503	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Nov. 1, 1990. To Nov. 1, 1993—103.25% To Nov. 1, 1996—101.75% To Nov. 1, 1998—100.75%	1991—2,290 1992—2,517 1993—2,766 1994—3,038 1995—3,339	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to May 1, 1991. To May 1, 1994—102.75% To May 1, 1997—101.50% To May 1, 1999—100.75%	1991—2,981 1992—2,960 1993—3,223 1994—3,510 1995—3,820	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Oct. 15, 1991. To Oct. 15, 1994—102.75% To Oct. 15, 1997—101.625% To Oct. 15, 1999—100.625%	1991—3,595 1992—3,890 1993—4,228 1994—4,595 1995—4,992	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof "	Non-callable except for sinking fund purposes. Optional redemption—Tenders may be called from all holders "	1991—1,983 1992—2,166 1993—2,366 1994—2,476 1995—2,705 1991— 155 1992— 170 1993— 185 1994— 203 1995— 222	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1. to 100% on or after Dec. 1, 2004	1991—3,193 1992—3,633 1993—4,134 1994—4,705 1995—5,354	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005

Canadian Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1990 $(000)	INTEREST
20	9% Bonds due June 1, 1985/1997	June 1, 1977	25,000	3,265	Annual June 1
33	11.75% Bonds due June 15, 1993	June 15, 1983	25,000	10,282	Annual June 15
EB	9.375% Bonds due June 2, 2001	June 2, 1986	65,500	65,500	Annual June 2

U.S. Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1990 U.S. $(000)	INTEREST
EA	Retractable Bonds due October 28, 2000/2005	October 28, 1985	50,000	48,000	Annual October 28 Rate 11.25% until October, 2000. Rate will be reset from October 29, 2000

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	Retractable at par at option of holder on June 1, 1985, 1988, 1991 or 1994. Right may be exercised not more than 360 or less than 90 days prior to June 1	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes or upon imposition of withholding taxes	1991—3,075 1992—3,428 1993—3,779	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	N/A	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	RETRACTION	FISCAL AGENT/ STOCK EXCHANGE LISTING
Coupon— U.S. $1,000 U.S. $5,000	Callable on October 28, 1993 and thereafter at 103% declining by 0.50% on each October 28, to 100% on or after October 28, 1999	None	Retractable at par at option of holder on October 28, 2000. right may be exercised not more than 30 days or less than 15 days prior to October 28, 2000	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

POOLED INVESTMENTS

Auditors' Report 1990

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheets of the Money Market Fund and Bond Fund of the Municipal Finance Authority of British Columbia as at December 31, 1990, and the statements of operations and changes in net assets and changes in investments for each of these funds for the period then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 1990 and the results of its operations and the changes in its net assets for the period from December 30, 1989 to December 31, 1990 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Peat Marwick Thorne

CHARTERED ACCOUNTANTS

Victoria, British Columbia, Canada
February 1, 1991

POOLED INVESTMENTS

Balance Sheets

DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989 THOUSANDS OF DOLLARS

	MONEY MARKET FUND		BOND FUND		COMBINED	
	1990	1989	1990	1989	1990	1989
ASSETS						
Cash	$ 17	—	43	174	60	174
Investments (Note 2) (Schedules)	130,294	94,351	32,845	20,985	163,139	115,336
Accrued interest receivable	—	3	969	719	969	722
Due from investment dealers	—	—	—	480	—	480
Unitholder receivable	—	—	—	1	—	1
	$ 130,311	94,354	33,857	22,359	164,168	116,713
LIABILITIES						
Due to bank	$ —	375	—	—	—	375
Accrued management fees	18	8	4	2	22	10
Due to investment dealers	—	—	498	—	498	—
Unitholder payable	1	1	—	10	1	11
	19	384	502	12	521	396
Net assets	$ 130,292	93,970	33,355	22,347	163,647	116,317
UNITHOLDERS' EQUITY (NOTE 1)						
Units outstanding, beginning	$ 93,970	—	22,347	—	116,317	—
Subscriptions	409,761	333,984	22,208	36,992	431,969	370,976
Distributions reinvested	15,162	8,700	2,606	890	17,768	9,590
Redemptions	(388,601)	(248,714)	(13,806)	(15,535)	(402,407)	(264,249)
	$ 130,292	93,970	33,355	22,347	163,647	116,317

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

D. Craven

SECRETARY-TREASURER

POOLED INVESTMENTS

Statements of Operations

DECEMBER 30, 1989 TO DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

THOUSANDS OF DOLLARS

	MONEY MARKET FUND		BOND FUND		COMBINED	
	1990	MAY 1—DEC. 29 1989	1990	MAY 10—DEC. 29 1989	1990	1989
INVESTMENT INCOME						
Income—interest	$ 15,309	8,795	2,465	1,202	17,774	9,997
Expense—management fees	177	73	34	13	211	86
Net investment income	15,132	8,722	2,431	1,189	17,563	9,911
REALIZED GAIN (LOSS) ON INVESTMENTS						
Proceeds from investments sold or matured	1,203,325	583,130	93,263	90,827	1,296,588	673,957
Investments at cost, beginning	94,351	—	21,162	—	115,513	—
Cost of investments purchased	1,224,030	668,759	104,533	111,830	1,328,563	780,589
Accretion of discounts	15,208	8,744	415	281	15,623	9,025
Investments at cost, end	(130,294)	(94,351)	(32,692)	(21,162)	(162,986)	(115,513)
Cost of investments sold or matured	1,203,295	583,152	93,418	90,949	1,296,713	674,101
Net realized gain (loss) on investments	30	(22)	(155)	(122)	(125)	(144)
UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Appreciation (depreciation), beginning	—	—	(177)	—	(177)	—
Appreciation (depreciation), end	—	—	153	(177)	153	(177)
Net unrealized gain (loss) on investments	—	—	330	(177)	330	(177)
Net gain (loss) on investments	30	(22)	175	(299)	205	(321)
NET CHANGE IN NET ASSETS FROM OPERATIONS	$ 15,162	8,700	2,606	890	17,768	9,590

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Statements of Changes in Net Assets

DECEMBER 30, 1989 TO DECEMBER 31, 1990—WITH COMPARATIVE FIGURES FOR 1989

THOUSANDS OF DOLLARS

	MONEY MARKET FUND		BOND FUND		COMBINED	
	1990	MAY 1—DEC. 29 1989	1990	MAY 10—DEC. 29 1989	1990	1989
NET ASSETS, beginning	**$ 93,970**	—	**22,347**	—	**116,317**	—
Changes during the period resulting from:						
Operations	**15,162**	8,700	**2,606**	890	**17,768**	9,590
Distributions to unitholders	**(15,162)**	(8,700)	**(2,606)**	(890)	**(17,768)**	(9,590)
Units, issue and redemption:						
Proceeds from issue	**409,761**	333,984	**22,208**	36,992	**431,969**	370,976
Reinvestment of distributions	**15,162**	8,700	**2,606**	890	**17,768**	9,590
Payments on redemption	**(38[illegible],601)**	(248,714)	**(13,806)**	(15,535)	**(402,407)**	(264,249)
	36,322	93,970	**11,008**	22,347	**47,330**	116,317
Net change in net assets	**36,322**	93,970	**11,008**	22,347	**47,330**	116,317
NET ASSETS, end	**$ 130,292**	93,970	**33,355**	[illegible],347	**163,647**	116,317

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

POOLED INVESTMENTS

Notes to Financial Statements

DECEMBER 31, 1990

1 Organization

The Pooled Investment Funds were established on May 1, 1989 and operate under Section 13.1 of the Municipal Finance Authority Act. Two funds are maintained:

(a) Money Market Fund which commenced operations on May 1, 1989; and

(b) Bond Fund which commenced operations on May 10, 1989.

Both funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at $1,000 per unit.

2 Significant accounting policies

A summary of significant accounting policies for each fund is as follows:

MONEY MARKET FUND

(a) Investments are carried at amortized cost which approximates market value.

(b) Interest income is recognized as earned.

(c) Management fees are accrued daily at the rate of 1/20 of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Municipal Finance Authority of British Columbia.

(d) Net change in net assets from operations is distributed to unitholders daily as additional units of the fund.

BOND FUND

(a) Investments are carried at market values which are determined as follows:
Bonds and debentures—at the quoted mid-market value; and
Treasury bills, short-term notes, etc.—at amortized cost which approximates market value.

(b) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.

(c) Interest income is recognized as earned.

(d) Management fees are accrued weekly, and at month-end, at the rate of 3/20 of 1 percent per annum of the net assets of the fund and are paid monthly to the Operating Fund of the Municipal Finance Authority of British Columbia.

(e) Net change in net assets from operations is distributed to unitholders weekly, and at month-end, as additional units of the fund.

POOLED INVESTMENTS

Money Market Fund—Schedule of Investments

DECEMBER 31, 1990 — THOUSANDS OF DOLLARS

	MATURITY	PAR	COST	%
MONEY MARKET SECURITIES OF				
Government of Canada:				
Treasury bills	February 1, 1991	$ 5,000	4,948	
Treasury bills	March 1, 1991	3,100	3,040	
Treasury bills	March 15, 1991	1,700	1,660	
Treasury bills	March 22, 1991	5,300	5,164	
Treasury bills	March 28, 1991	4,000	3,889	
Treasury bills	April 26, 1991	300	289	
		19,400	18,990	14.57
Provinces:				
British Columbia	February 28, 1991	4,000	3,922	
British Columbia	March 4, 1991	2,900	2,841	
Manitoba	January 23, 1991	2,200	2,183	
Saskatchewan	February 20, 1991	4,100	4,032	
Ontario Hydro	August 6, 1991	1,500	1,395	
		14,700	14,373	11.03
Regional Districts and Municipalities:				
Edmonton	January 31, 1991	4,900	4,849	
Greater Vancouver Regional District	January 16, 1991	2,000	1,990	
		6,900	6,839	5.25
Corporations—Financial:				
Avco Financial Services Canada Limited	January 7, 1991	4,000	3,990	
Bank of Nova Scotia	January 3, 1991	2,000	1,998	
Banque Nationale de Paris	February 6, 1991	500	494	
Caisse Centrale Desjardins	January 31, 1991	1,225	1,212	
Ford Credit Canada Limited	January 9, 1991	4,000	3,988	
Ford Credit Canada Limited	January 15, 1991	3,000	2,985	
General Motors Acceptance Corporation of Canada Limited	January 4, 1991	1,850	1,831	
General Motors Acceptance Corporation of Canada Limited	February 5, 1991	1,900	1,877	
General Motors Acceptance Corporation of Canada Limited	March 12, 1991	4,000	3,910	
General Motors Acceptance Corporation of Canada Limited	October 23, 1991	5,000	4,560	
Hongkong Bank of Canada	January 3, 1991	2,000	1,998	
Household Finance Corporation	January 10, 1991	5,000	4,983	
Household Finance Corporation	February 1, 1991	1,600	1,583	
Montreal Trust Company	January 17, 1991	1,000	994	
National Trust Company	January 31, 1991	2,000	1,979	
National Trust Company	February 8, 1991	1,200	1,18[illegible]	
National Trust Company	March 28, 1991	1,500	1,459	
National Westminster Bank	January 24, 1991	400	397	
Royal Trust Corporation of Canada	January 18, 1991	3,400	3,379	
Societe Generale Canada	January 8, 1991	3,000	2,992	
Union Bank of Switzerland (Canada)	February 6, 1991	1,700	1,679	
		50,275	49,473	37.97

continued

POOLED INVESTMENTS

Money Market Fund—Schedule of Investments

DECEMBER 31, 1990 — THOUSANDS OF DOLLARS

	MATURITY	PAR	COST	%
Corporations—Utilities:				
BCE Inc.	January 4, 1991	$ 2,300	2,297	
BCE Inc.	January 29, 1991	4,000	3,961	
Consumers Gas Company Limited	January 15, 1991	2,000	1,990	
Union Gas Limited	January 9, 1991	3,000	2,970	
		11,300	11,218	8.62
Corporations—Other:				
Alberta Energy Limited	January 22, 1991	1,000	993	
Alberta Natural Gas Company Limited	April 8, 1991	3,200	3,099	
Alcan Aluminum Limited	February 25, 1991	2,500	2,454	
Canadian Pacific Limited	January 4, 1991	5,000	4,993	
Imasco Limited	January 10, 1991	4,000	3,986	
Maclean Hunter Limited	February 8, 1991	5,000	4,936	
Noranda Inc.	March 25, 1991	1,600	1,558	
Noranda Inc.	April 22, 1991	3,000	2,896	
Seagram Company Limited	January 11, 1991	1,000	996	
Sears Canada Inc.	January 3, 1991	500	499	
Sears Canada Inc.	January 9, 1991	3,000	2,991	
		29,800	29,401	22.56
		$ 132,375	130,294	100.00

POOLED INVESTMENTS

Bond Fund—Schedule of Investments

DECEMBER 31, 1990

THOUSANDS OF DOLLARS

	MATURITY	PAR	MARKET	%
Government of Canada Bonds:				
8.750% Government of Canada	July 1, 1993	$ 8,830	8,477	
9.250% Government of Canada	October 1, 1994	2,700	2,608	
8.750% Government of Canada	June 1, 1996	1,830	1,714	
		13,360	12,799	38.97
Provincial Government Bonds and Coupons:				
10.750% Province of Alberta	January 15, 1996	500	498	
0.000% British Columbia Hydro and Power Corporation	April 14, 1991	109	105	
0.000% British Columbia Hydro and Power Corporation	October 14, 1991	109	100	
12.250% Province of British Columbia	November 29, 1991	1,000	1,002	
9.250% Province of British Columbia	March 3, 1993	250	240	
0.000% Hydro-Quebec	February 15, 1993	682	538	
9.625% Province of Manitoba	September 3, 1992	300	294	
9.875% Province of Manitoba	July 13, 1992/1998	750	732	
11.625% Province of New Brunswick	June 6, 1995	300	300	
11.000% Ontario Hydro	October 1, 1997	2,250	2,262	
		6,250	6,071	18.48
Municipal Bonds:				
13.000% Metro-Toronto	October 31, 1994	400	416	1.27
Corporate Notes—Financial:				
10.750% Avco Financial Services Canada Limited	April 2, 1991	500	496	
10.400% Bank of Nova Scotia	March 1, 1993	500	490	
10.300% Bank of Nova Scotia	June 22, 1993	300	293	
9.800% CIBC Mortgage Corporation	February 16, 1993	800	776	
9.900% CIBC Mortgage Corporation	March 15, 1993	250	243	
13.450% General Motors Acceptance Corporation of Canada Limited	September 25, 1992	1,000	1,024	
12.850% General Motors Acceptance Corporation of Canada Limited	May 17, 1993	500	509	
0.000% Montreal Trust Company	January 15, 1991	450	448	
10.300% Montreal Trust Company	August 3, 1993	900	872	
10.200% National Trust Company	October 2, 1991	500	493	
11.375% National Trust Company	February 8, 1993	365	362	
10.625% National Trust Company	June 1, 1993	500	482	
10.870% Royal Bank of Canada	May 3, 1993	500	494	
10.250% Royal Trust Corporation of Canada	June 1, 1993	400	388	
10.300% Royal Trust Corporation of Canada	July 7, 1993	300	291	
10.800% TD Mortgage Corporation	November 15, 1993	500	492	
13.400% TD Mortgage Corporation	October 27, 1994	350	371	
		8,615	8,524	25.95

Continued

POOLED INVESTMENTS

Bond Fund—Schedule of Investments

DECEMBER 31, 1990 — THOUSANDS OF DOLLARS

	MATURITY		PAR	MARKET	%
Corporate Bonds and Notes—Utilities:					
9.625% Bell Canada	April 29, 1993	$	1,000	960	
16.375% British Columbia Telephone	April 1, 1992		496	522	
			1,496	1,482	4.52
Corporate Bonds, Coupons and Notes—Other:					
10.500% Imasco Limited	July 7, 1993		250	240	
11.850% Imasco Limited	February 15, 1996		250	251	
11.500% International Thomson Organization Limited	February 4, 1994		500	491	
0.000% George Weston Limited	November 8, 1993		152	110	
0.000% George Weston Limited	May 8, 1994		711	486	
			1,863	1,578	4.80
Government of Canada:					
Treasury bills	February 15, 1991		1,050	1,034	
Treasury bills	March 1, 1991		75	74	
Treasury bills	April 5, 1991		250	242	
Treasury bills	November 1, 1991		685	625	
			2,060	1,975	6.01
		$	34,044	32,845	100.00

POOLED INVESTMENTS

Participants 1990

REGIONAL DISTRICTS

Alberni-Clayoquot
Bulkley-Nechako
Cariboo
Central Kootenay
Central Okanagan
Columbia-Shuswap
East Kootenay
Fraser-Fort George
Kitimat-Stikine
Kootenay Boundary
Mount Waddington
Nanaimo
Okanagan-Similkameen
Peace River
Powell River
Skeena-Queen Charlotte
Squamish-Lillooet
Sunshine Coast

MUNICIPALITIES

Armstrong
Ashcroft
Burnaby
Burns Lake
Cache Creek
Castlegar
Chase
Chetwynd
Chilliwack
Colwood
Coquitlam
Courtenay
Cranbrook
Creston
Dawson Creek
Duncan
Elkford
Esquimalt
Fort St. John
Gibsons
Golden
Gold River
Granisle
Greenwood
Houston
Invermere
Kamloops
Kelowna
Kent
Kitimat
Lake Cowichan
Lillooet
Logan Lake
Lumby
Mackenzie
Maple Ridge
McBride
Metchosin
Midway
Mission
Nakusp
Nanaimo
Nelson
North Saanich
Parksville
Peachland
Pemberton
Penticton
Port Alberni
Port Alice
Port Coquitlam
Port Hardy
Port McNeill
Prince George
Prince Rupert
Princeton
Powell River
Qualicum Beach
Quesnel
Revelstoke
Richmond
Rossland
Saanich
Salmon Arm
Sayward
Sechelt
Sidney
Silverton
Smithers
Sparwood
Summerland
Surrey
Tahsis
Terrace
Tumbler Ridge
Valemount
Vernon
Victoria
View Royal
West Vancouver
White Rock

Net Asset Value and Distributions to Unitholders—1990

	MONEY MARKET FUND	BOND FUND
Net asset value per unit	$ 1,000.00	$ 1,000.00
Distributions per unit—December 30, 1989 – December 31, 1990	$ 134.63	$ 115.82
Distributions per unit—May 1 – December 29, 1989	$ 82.30	
Distributions per unit—May 10 – December 29, 1989		$ 72.81
Distributions as percentage of net asset value—1990	13.46%	11.58%
Distributions as percentage of net asset value—1989	8.23%	7.28%
Distributions—annualized, 1990	13.39%	11.52%
Distributions—annualized, 1989	12.41%	11.41%

INTERIM FINANCING

Inauguration—December 1990

INTERIM FINANCING

Auditors' Report 1990

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

We have audited the balance sheet of the Short Term Debt Fund of the Municipal Finance Authority of British Columbia as at December 31, 1990. This financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Authority as at December 31, 1990 in accordance with generally accepted accounting principles.

Peat Marwick Thorne

CHARTERED ACCOUNTANTS

Victoria, British Columbia, Canada
February 1, 1991

INTERIM FINANCING

Short Term Debt Fund
Balance Sheet

DECEMBER 31, 1990	THOUSANDS OF DOLLARS
ASSETS	
Notes receivable	$ 400
LIABILITIES	
Notes payable	$ 400

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

SECRETARY-TREASURER

Notes to Financial Statement

DECEMBER 31, 1990

1 Organization

The interim financing program was established on December 31, 1990 and operates under Section 9.1 of the Municipal Finance Authority Act.

2 Significant accounting policies

A summary of significant accounting policies is as follows:

(a) Interest income is recognized as earned; and

(b) Interest payable is accrued on a daily basis.